



State of Utah

Department of Natural Resources

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas & Mining

JOHN R. BAZA
Division Director

JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

July 6, 2006

CERTIFIED RETURN RECEIPT 7004 2510 0004 1824 7678

Mr. Dexter Anderson
Red Dome Inc.
730 North 3900 West
Fillmore, UT 84631

Subject: Findings, Conclusions and Order for the Red Dome Unpermitted Site,
Cessation Order MC-2006-04-02, M/027/032, Millard County, Utah

Dear Mr. Anderson:

On April 28, 2006, the Division of Oil, Gas and Mining (OGM or Division) held an Informal Conference at the Division offices regarding the Red Dome un-permitted site, M027/032 in Millard County, Utah. The following individuals attended: Presiding: Mary Ann Wright, Associate Director, Mining; Tom Munson, Senior Reclamation Specialist, Daron Haddock with OGM and mine representatives: Dexter Anderson, and Lee Miller.

The Findings and Conclusions and Order in this matter are based on information provided by the Division and Misters Anderson, and Miller in connection with this Conference and on information in the files of the Division.

FINDINGS & CONCLUSIONS

1. Cessation Order MC-2006-04-02 was issued 2/22/06 for 'Failure to Provide Adequate Surety Prior to Commencing Mining Activity' and required all mining to cease.
2. In a letter received March 27, 2006, Mr. Anderson requested an Informal Conference.
3. An Informal Conference was held April 26, 2006 in accord with R647 Rules.

4. The Division presented a booklet of information consisting of documents from 2006, which were the letters, Cessation Order, assessment, stop work order findings, and inspection statement. The Division has been working with Red Dome, Inc. for 16 years to get them permitted and bonded.
5. Red Dome represented they that believe the process of permitting and bonding the mine has been moving forward in good faith. They have now posted the bond required of the amended CO. They have continued to work with a difficult problem until it was accomplished. A fine of \$1,700 is out of line and does not reflect their good faith efforts. OGM arbitrarily set the bond amount, thus the probability of occurrence points are too high. Negligence points should be zero. An assessed fine is a penalty and violates the 5 year statute of limitations since the permitting issue goes back 16 years.
6. The Division represented that progress in permitting has been very slow, that the mine site plan has not been published for approval. The issue of the pre-law status of the highwall requires further information to complete the reclamation plan.
7. Daron Haddock explained the difference between the proposed and final assessment of the fine. He reviewed the nature of the violation, the inspector's statement and assessed what he believed to be in line with other similar violations of the mining law.
8. It is concluded by the Conference Officer that the Cessation Order is again affirmed for lack of bond and is re-assessed as ordered below.

ORDER

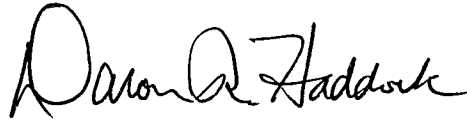
1. Cessation Order MC-2006-04-02, issued 2-22-06, is hereby affirmed.
2. The Cessation Order was modified to allow removal of product from the site to supply UDOT with de-slicking product. The CO was terminated when the appropriate reclamation bond, was in place with the state of Utah.
3. Red Dome will continue providing accurate and complete information to effect the completion of the permitting process with OGM as required by state law and rules.

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4. The violation is provided a final assessment as shown in the attached worksheet.

If you wish to appeal this Order to the Board of Oil, Gas and Mining, you may do so by contacting the Division within 30 days of receipt. Please contact Julie Carter, Secretary to the Board. If you have any questions regarding this letter, please contact me at 538-5306.

Sincerely,



for

Mary Ann Wright
Associate Director, Mining

cc:
Susan White
Daron Haddock, DOGM
Tom Munson, DOGM
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UTAH DIVISION OF OIL, GAS AND MINING
WORKSHEET FOR FINAL ASSESSMENT OF PENALTIES

COMPANY: Red Dome
PERMIT: M/027/032, Red Dome
VIOLATION: MC-2006-04-02

ASSESSMENT CONFERENCE OFFICER: Mary Ann Wright

	Proposed Assessment	Final Assessment
(1) History/Previous Violations	<u>0</u>	<u>0</u>
(2) Seriousness	(20 + 8) <u>28</u>	(12 + 3) <u>15</u>
(3) Negligence	<u>8</u>	<u>5</u>
(4) Good Faith	<u>0</u>	<u>-2</u>
Total Points	<u>36</u>	<u>18</u>

Proposed Fine: \$ 1,760

TOTAL Final ASSESSED FINE \$396.00

NARRATIVE: Conducting mining without adequate surety. Situation occurred. Operator had knowledge that this needed to be addressed. This was a difficult abatement to accomplish; compliance was accomplished in an extended setting.

(Brief explanation for any changes made in assignment of points and any additional information that was available after the proposed assessment.)

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